

## Message Text

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EUR-JGLOWENSTEI;

S/S -JPMOFFAT

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FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA IMMEDIATE

USDEL SECRETARY AIRCRAFT IMMEDIATE

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E.O. 11652: N/A

TAGS: CA, EGEN, EFIN, ETEL, SCUL

SUBJECT: DEMARCHE TO GOC CONCERNING TIME'S CANADIAN  
PROBLEMS

1. ACTING SECRETARY CALLED IN CANADIAN AMBASSADOR  
DECEMBER 16 TO DISCUSS TREATMENT OF TIME BY CANADIAN  
OFFICIALS AS IT SOUGHT TO QUALIFY AS CANADIAN PUBLICATION  
UNDER TERMS OF BILL C-58.

2. ACTING SECRETARY NOTED THAT TIMING OF THIS MEETING  
JUST AFTER REMARKS TO PRESS BY AMBASSADOR PORTER IN  
OTTAWA WAS PURELY COINCIDENTAL. MEETING HAD BEEN  
SCHEDULED BEFORE OTTAWA EVENTS AND WAS NOT PART OF ANY  
CONCERTED EFFORT ON OUR PART. ACTING SECRETARY DID NOT  
WISH TO ESCALATE OTTAWA SITUATION IN ANY WAY. NONETHELESS  
TIME COMPLAINT WAS NOT UNRELATED AND WE FELT IT IMPORTANT  
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TO TRANSMIT TO GOC TIME'S REACTION TO ITS TREATMENT BY GOC

OFFICIALS. IN DOING THIS, HOWEVER, WE WERE NOT IN ANY WAY SEEKING OR INTENDING TO INFLUENCE COURSE OF CANADIAN LEGISLATION. IN ORDER TO AVOID ANY APPEARANCE OF INTERFERENCE IN THIS PROCESS WE HAD DELAYED COMMENT UNTIL AFTER COMMITTEE CONSIDERATION OF BILL IN HOUSE OF COMMONS HAD BEEN COMPLETED.

3. ACTING SECRETARY REVIEWED HISTORY OF TIME CANADA'S EFFORTS TO QUALIFY PUBLICATION AND OBTAIN ADVANCE RULING FROM DEPARTMENT OF NATIONAL REVENUE AS TO ELIGIBILITY. HE SAID PATTERN OF EVENTS INVOLVING UNCERTAINTY, DIFFICULTY IN SEEING OFFICIALS, APPARENT CHANGE IN ATTITUDE ONCE TIME COMPLIANCE WITH EARLIER CONTENT REQUIREMENTS SEEMED POSSIBLE, AND SUDDEN, LATE INCREASE IN NEW CONTENT REQUIREMENTS TO 80 PERCENT HAD LED TIME TO CONCLUDE THAT GOC HAD BEEN PURSUING A POLICY FROM THE OUTSET DESIGNED TO PREVENT IT FROM QUALIFYING UNDER THE NEW LAW AND THAT THIS TREATMENT AMOUNTED TO BAD FAITH AND DISCRIMINATION. TIME CASE WAS HAVING CONSIDERABLE IMPACT PARTICULARLY AT A TIME OF SIMILAR CONCERN OVER TV DELETION ISSUE AND POTASH TAKEOVER, AND ACTING SECRETARY WANTED AMBASSADOR TO BE FULLY APPRISED OF SITUATION.

4. AMBASSADOR SAID TIME PUBLISHER DAVIDSON HAD GONE OVER SAME GROUND WITH HIM WEEK OR TWO BEFORE IN NEW YORK. AMBASSADOR REVIEWED LONG-TERM SETTING OF TIME/READERS DIGEST ISSUE, GRANDFATHER CLAUSE, AND NEED TO REMOVE UNFAIR COMPETITIVE ADVANTAGE OF PUBLICATIONS ESSENTIALLY REPRODUCING CHEAP FOREIGN COPY. HE SAID HE UNDERSTOOD CONTENT LEVEL HAD BEEN INDICATED TO BE BETWEEN 60-80 PERCENT IN EARLY DAYS OF DISCUSSIONS, SO FINAL FIGURE WAS NEITHER A SURPRISE NOR A SHIFT. AMBASSADOR ASKED WHETHER USG WAS SIMPLY TRANSMITTING CLAIM OF TIME OR WHETHER IT WAS ESPOUSING CLAIM ITSELF. HE SUGGESTED THAT IF USG AS RESULT OF GOVERNMENT-TO-GOVERNMENT DISCUSSIONS CAME TO APPRECIATE THAT DISCRIMINATION NOT INVOLVED, IT WOULD HAVE RESPONSIBILITY TO GO BACK TO COMPLAINING US PARTY AND EXPLAIN SITUATION.

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5. ACTING SECRETARY REPLIED THAT USG WAS NOT ITSELF ASSERTING CHARGE OF DISCRIMINATION. NONETHELESS WE COULD NOT BE INDIFFERENT WHEN SUCH CHARGE MADE BY US FIRM. WE RECOGNIZED THAT OTHER FACTORS SUCH AS EVOLVING POLICY AND CHANGE OF NATIONAL REVENUE MINISTERS COULD HELP EXPLAIN IMPRESSION WHICH TIME HAD FORMED, BUT OTHER CIRCUMSTANCES LENT CREDENCE TO TIME'S CONCLUSION--SUCH AS MINISTER CULLEN'S REMARKS TO COMMITTEE THAT IF 80 PERCENT RULING

HELD UNLAWFUL HE HAD GOVERNMENT BACKING TO CHANGE LAW TO OVERRULE COURT DECISION. TIME'S STRONG FEELINGS WERE WELL KNOWN IN BUSINESS COMMUNITY AND IN CONGRESS AND WERE CONTRIBUTING TO FEELING OF UNEASE AT RECENT CANADIAN ACTIONS WHICH EXISTED IN THESE CIRCLES.

6. AMBASSADOR SAID WHILE HE APPRECIATED THAT MEETING ON TIME HAD BEEN SET BEFORE REACTION AROSE TO REMARKS BY

AMBASSADOR PORTER, HIS REPORT WOULD BE RECEIVED IN POST-REACTION ATMOSPHERE, AND HE WISHED TO BE CERTAIN THAT HE CLEARLY UNDERSTOOD US POSITION. ACTING SECRETARY REITERATED THAT TIMING COINCIDENTAL AND THAT THERE WAS NO INTENTION ON OUR PART TO INFLUENCE CANADIAN LEGISLATION. HE NOTED THAT WE UNDERSTOOD EFFORTS IN CANADA TO ENCOURAGE CULTURAL DEVELOPMENT AND HAD NO QUARREL WITH THEM, BUT WHEN CHARGES OF UNFAIR TREATMENT OR DISCRIMINATION WERE MADE WE HAD RESPONSIBILITY TO RAISE THEM.

7. ACTING SECRETARY STRESSED THAT US CONTINUED TO BELIEVE THAT RELATIONS BETWEEN OUR TWO GOVERNMENTS WERE EXCELLENT, THAT WE HAVE NO DIFFICULTY IN COMMUNICATING, AND, AS WHITE HOUSE PRESS SECRETARY HAD SAID EARLIER IN THE DAY, THERE WERE NO PROBLEMS BETWEEN US THAT WE COULD NOT SOLVE TOGETHER. AT THE SAME TIME BOTH GOVERNMENTS NEEDED TO RECOGNIZE THAT INSTANCES LIKE THE TIME COMPLAINT, AS WELL AS POTASH TAKEOVER AND TV DELETION PROBLEM (WHICH ACTING SECRETARY STRESSED HE CITED ONLY BECAUSE THEY HAD BEEN PREVIOUSLY DISCUSSED WITH THE AMBASSADOR AND WERE UNDER DISCUSSION BETWEEN THE TWO GOVERNMENTS) HAD CONTRIBUTED TO A GROWING FEELING IN US BUSINESS, CONGRESS AND THE PUBLIC THAT THERE IS AN ANTI-AMERICAN OR ANTI-INVESTMENT ATTITUDE IN CANADA. WE BELIEVE IT IS IN THE INTERESTS OF LIMITED OFFICIAL USE

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BOTH GOVERNMENTS TO WORK TO TRY TO ALLAY THIS SENTIMENT AS BEST WE CAN.

8. IN COURSE OF MEETING, CONVERSATION TURNED SEVERAL TIMES TO COMMENTS ON DECEMBER 13 BY AMBASSADOR PORTER AND REACTION IN CANADIAN PRESS AND PARLIAMENT. ACTING SECRETARY SAID HE HAD SPOKEN TO PORTER, AND HE EXPLAINED IN BRIEF AND GENERAL WAY THRUST OF AMBASSADOR PORTER'S REMARKS. ACTING SECRETARY NOTED THAT, AS FOREIGN MINISTER AND DEPUTY WERE OUT OF CANADA, PORTER HAD SOUGHT WITHOUT SUCCESS TO CALL ON PRIME MINISTER BEFORE HIS PRESS MEETING AND HAD PLANNED TO GO OVER HIS INTENDED COMMENTS WITH PM HAD MEETING BEEN POSSIBLE. WE REGRETTED MISUNDERSTANDING THAT HAD ARISEN OVER REMARKS AND WERE SEEKING WAYS TO CLARIFY SITUATION FURTHER. AMBASSADOR

WARREN SAID THAT SECRETARIES KISSINGER AND MACEACHEN HAD  
ALREADY MET TO DISCUSS EVENTS IN OTTAWA AND HAD AGREED TO  
HOLD JOINT PRESS SESSION AFTER THEIR SCHEDULED BILATERAL  
MEETING IN PARIS DECEMBER 17. INGERSOLL

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